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Brazil

Citrus

Annual Report

2004

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Report Highlights:
The Brazilian orange crop for MY 2005/06 is forecast at 402 MBx, down 65 Mbx from a revised number for the current season, assuming that typical weather conditions prevail during the December 2004 to June 2005 period to support fruit setting and size. The Sao Paulo and western Minas Gerais commercial areas should contribute 320 MBx, down 60 from MY 2004/05. Total FCOJ production for MY 2004/05 is estimated at 1.33 mmt, 65 Brix, up 238,000 metric tons from our previous estimate due to higher volume of fruits delivered for processing. FCOJ exports for MY 2004/05 are estimated stable at 1.225 mmt.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Sao Paulo [BR3]
[BR]

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FRESH ORANGES

PS&D Table

PSD Table

Country	Brazil						
Commodity	Oranges, Fresh				(HECTARES)(1000 TREES)(100		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Area Planted	805400	805400	832400	832400	0	849000	(HECTARE
Area Harvested	727900	727900	733900	733900	0	744600	(HECTARE
Bearing Trees	210000	210000	212000	212000	0	215000	(1000 TRE
Non-Bearing Trees	28000	28000	36000	36000	0	38000	(1000 TRE
TOTAL No. Of Trees	238000	238000	248000	248000	0	253000	(1000 TRE
Production	15382	15382	18523	19054	0	16402	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	15382	15382	18523	19054	0	16402	(1000 MT)
Exports	69	69	82	82	0	82	(1000 MT)
Fresh Dom. Consumptior	4827	4827	5222	5141	0	5018	(1000 MT)
Processing	10486	10486	13219	13831	0	11302	(1000 MT)
TOTAL DISTRIBUTION	15382	15382	18523	19054	0	16402	(1000 MT)

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for marketing years (MY) 2003/04, 2004/05 (July-June) and the initial forecast for MY 2005/06.

Sao Paulo: Fresh Oranges PS&D (Jul-Jun)
(1,000 ha, million trees & million 40.8 kg boxes)

Item/Marketing Year	2003/04	2004/05	2005/06
(Bloom/Harvest)	(02/03)	(03/04)	(04/05)
Area Planted	609.0	636.0	649.0
Area Harvested	539.0	545.0	552.0
Bearing Trees	159.0	161.0	163.0
Non-Bearing Trees	24.0	32.0	34.0
Total Trees	183.0	193.0	197.0
Production	290.0	380.0	320.0
Exports	1.7	2.0	2.0
Domestic Consumption	44.3	51.0	53.0
Processing FCOJ	230.0	310.0	248.0
Processing NFC (exports)	14.0	17.0	17.0

Brazil: Fresh Oranges PS&D (Jul-Jun)
(1,000 ha, million trees & million 40.8 kg boxes)

Item/Marketing Year	2003/04	2004/05	2005/06
(Bloom/Harvest)	(02/03)	(03/04)	(04/05)
Area Planted	805.4	832.4	849.0
Sao Paulo	609.0	636.0	649.0
Others	196.4	196.4	200.0
Area Harvested	727.9	733.9	744.6
Sao Paulo	539.0	545.0	552.0
Others	188.9	188.9	192.6
Bearing Trees	210.0	212.0	215.0
Sao Paulo	159.0	161.0	163.0
Others	51.0	51.0	52.0
Non-Bearing Trees	28.0	36.0	38.0
Sao Paulo	24.0	32.0	34.0
Others	4.0	4.0	4.0
Total Trees	238.0	248.0	253.0
Total Production	377.0	467.0	402.0
Sao Paulo	290.0	380.0	320.0
Others	87.0	87.0	82.0
Exports	1.7	2.0	2.0
Sao Paulo	1.7	2.0	2.0
Domestic Consumption	118.3	126.0	123.0
Processing FCOJ	243.0	322.0	260.0
Sao Paulo	230.0	310.0	248.0
Others	13.0	12.0	12.0
Processing NFC (exports)	14.0	17.0	17.0

General

The Agricultural Trade Office (ATO)/Sao Paulo adjusted Brazil's orange crop for MY 2004/05 (Jul-Jun) to 467million 40.8 kg boxes (Mbx), up 13 MBx compared to previous estimate, due to better yields than initially expected as a consequence of the precipitation that occurred during the April-July 2004 period in the Sao Paulo commercial area.

The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 380 Mbx, whereas other growing regions should contribute 87 Mbx. Note that the orange production estimate in states other than Sao Paulo is taken from updated information from the Brazilian Geography and Statistics Institute (IBGE). The harvest season has moved along well and according to post contacts, harvest should be extended to January and even early February for some processing plants.

The Sao Paulo State Institute of Agricultural Economics (IEA) released the results of the sixth and last citrus crop survey (September 2004) for the 2003/04 crop (MY 2004/05). The Sao Paulo crop, including both commercial and non-commercial areas, is estimated at 360.7 Mbx, up 33.6 Mbx compared to MY 2003/04 (327.1 Mbx). Note that IEA takes into account the entire state of Sao Paulo, while ATO estimates follow the citrus industry methodology limited to the commercial area of the state plus the western part of Minas Gerais. IEA also reports that the state of Sao Paulo orange tree inventory is estimated at 215.4 million trees (188.1 million bearing and 27.3 non-bearing trees)

ATO/Sao Paulo forecasts the total Brazilian orange crop for MY 2005/06 (Jul-Jun) at 402 Mbx, down 65 MBx compared to MY 2004/05, assuming that good weather conditions prevail during the December 2004 to June 2005 period to support fruit setting and size. The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 320 Mbx, whereas other growing regions should account for the remaining 82 Mbx.

Note that it is still too early to forecast the 2004/05 crop (MY 2005/06) and that more accurate numbers will be available only after February 2005. The projected decrease in production for MY 2005/06 in the Sao Paulo and Minas Gerais commercial areas is based on the following factors:

- Orange trees are stressed from a relatively large MY 2004/05 crop;
- The off-year of the biannual cycle of the Hamlin and Valencia varieties;
- Below average crop management for some groves during 2004 due to the increase of inputs costs and lower orange prices received by producers;
- The irregular weather pattern during 2004 and its impact on blossoming. The rainy season, which historically ends in April-May was extended through July and the dry season usually necessary to stress the citrus trees before the flowering was affected by the prolonged precipitation.

Historically, the first blossoming occurs in September, but in 2004 the first big flowering took place in July-August. The rainfall that persisted into July broke the dormancy of the trees and hastened the first and intense blossoming. The dry weather in August and September (lack of rainfall and low moisture content) that followed the blossoming negatively affected flower and fruit setting, thus reducing the producing potential of the trees.

The second blossoming that occurred in October/November after the beginning of the rains in October was less intense, although with a better fruit setting compared to the first one. The blossoming was not uniform for the different growing regions, varieties and even within the same grove. A third blossoming is still expected to happen for the Pera variety.

Area, Tree Yields and Inventory

The aforementioned factors are likely to result in a lower yield for the Sao Paulo commercial area, which is projected at 1.96 boxes/tree for MY 2005/06. This represents a 17 percent fall from MY 2004/05, whereas the overall Brazilian orange yield is forecast at 1.87 boxes/tree, a 15 percent reduction.

ATO/Sao Paulo projects total Brazilian orange area for MY 2005/06 at 849,000 hectares (ha), a 2 percent increase from the current crop, based on relatively stable crop inventory for the Sao Paulo/Minas Gerais commercial areas and updated information from the Brazilian Geography and Statistics Institute (IBGE). The commercial areas of Sao Paulo/Minas Gerais should account for 649,000 ha. Total Brazilian tree inventory for MY 2005/06 is relatively stable and projected at 253 million trees (215 million bearing and 38 million non-bearing trees), up 5 million trees compared to MY 2004/05. According to post contacts, many groves have been replaced by sugarcane due to more attractive prices received by producers. Citrus area expansion has been observed primarily for orange juice processing plants.

As reported by Fundecitrus, 563 inspected nurseries were in operation in November 2004 of which 560 are protected nurseries (560), which maintain seedlings within screened enclosures in accordance with the Sao Paulo State law. The number of inspected seedlings totaled 14,738,423 (only 319 seedlings coming from unprotected nurseries), whereas the number of inspected rootstock totaled 10,084,640 (only 124 from unprotected nurseries).

Diseases

According to the Sao Paulo State Fund for the Defense of Citriculture (Fundecitrus), the 2004 CVC field survey (June-August 2004) shows that 43.84 percent of the sampled trees (1,900 samples) in the Sao Paulo and western Minas Gerais commercial areas show symptoms of the disease. Results indicate that 7.87 percent of the sampled trees show symptoms restricted to leaves (Grade 1), while 35.98 percent show leaf and fruit symptoms (Grade 2). The disease is mostly concentrated in the northern part of the state of Sao Paulo. The survey also shows a 5.66 percent infection rate for plants up to 2 years. CVC may become a minor problem in the future since new plants have consistently shown low contamination rates for the past years due to good management practices starting with protected nurseries.

Citrus Chlorosis Variegated (CVC) - Estimated Prevalecence of Symptoms (percentage of total

Severtity	1996	1997	1998	1999	2000	2001	2002	2003	2004
Grade 1 1/	15.93	22.89	13.68	20.95	13.23	12.37	10.36	10.38	7.87
Grade 2 2/	6.17	9.39	7.55	15.13	20.8	24.07	27.92	33.18	35.98
Total	22.10	32.28	21.23	36.08	34.03	36.44	38.28	43.56	43.85

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).

The evolution of citrus canker for 2004, as reported by Fundecitrus, follows. Cumulative 2004 (January-September) tree eradication for commercial groves (blocks) due to citrus canker is approximately 213,713 trees, up 53,723 trees from the same period in 2003. Cumulative non-commercial grove eradication for the January-September period is approximately 140,947 trees.

Evolution of Citrus Canker in the State of Sao Paulo, 2004

	Block				Domestic Grove		Nurseries	
Month	New	.econtaminatio	Total	Plants Eradicated	Total	Plants Eradicated	Total	Plants Eradicated
Jan-Mar	46	65	111	60,036	2,132	34,027	1	15,000
Apr-Jun	65	114	179	104,407	951	40,196	0	0
Jul-Sep	54	67	121	49,270	1,720	66,724	0	0
Total	165	246	411	213,713	4,803	140,947	1	15,000

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).

A new disease named huanglongbing (HBL) or greening was described for the first time in Brazil in March 2004. The disease is a major concern for the citrus industry due to its severity and quick dissemination. Initially, plants affected by greening show symptoms of yellowing in one or more sectors of the crown, which progresses to the whole plant. Furthermore, leaves and fruit drop, and pointers become dry.

The Candidatus Liberibacter spp. Bacterium, the causal agent of the disease, multiplies, causes obstruction and upsets the phloem of the trees. The bacteria is transmitted by insects such as Diaphorina citri (broadly distributed in Brazil) and Trioza erytraea (not reported in Brazil yet), which are responsible for the quick evolution of the disease.

Fundecitrus carried out a sampling survey during September-October 2004 in the commercial areas of Sao Paulo and western Minas Gerais to screen the disease. The bacteria was found in 45 municipalities of Sao Paulo, especially in the citrus regions of Araraquara, Araras and

Itapolis with, respectively, 20.20, 2.40 and 0.26% of groves, affected. Although not yet confirmed, the insect, D. citri, is considered the main vector of the American form of greening.

Cost of Production

The tables below show comparative costs for processed oranges in southwest Florida and Sao Paulo, according to a paper presented by MURARO & POZZAN at the 8th International Citrus Seminar held in Bebedouro, Sao Paulo, Brazil on October 21, 2004. Parameters for cost analysis are as follow:

- Florida: Valencia/Hamlin; 10 year old grove; 315 trees/hectare; 993 boxes/hectare; 3.2 box/tree; irrigated grove.
- Sao Paulo: Valencia; 10 year old grove; 333 trees/hectare; 800 boxes/hectare; 2.4 box/tree; non irrigated grove.

Comparative Production Costs for Processed Oranges in Southwest Florida and Sao Paulo (Brazil), 2003-04 (US$)

	Florida		Sao Paulo	
	$/Ha	$/Box	$/Ha	$/Box
Labor (Wages, Salaries and Social Taxes)	442.80	0.446	144.40	0.181
Chemicals and Fertilizer	787.11	0.793	842.22	1.053
Machinery Operating Costs	314.63	0.317	269.53	0.337
Contract (Tree Replacement and Pruning)	229.98	0.232	--	--
Total Production Costs	1,774.52	1.787	1,256.15	1.570
Machinery Depreciation and Finance Charges	249.47	0.251	89.93	0.112
Total Specified Costs	2,023.99	2.038	1,346.08	1.683
Yield (Boxes/Acre; P.S./Box)	993 bxs	6.5 p.s.	800 bxs	6.0 p.s.

Source: Ronald P. Muraro (UF/IFAS) and Marcos Pozzan (Monte Citrus) and from discussions with Sao Paulo citrus growers.

Comparative Harvesting Costs for Processed Oranges in Florida and Sao Paulo (Brazil), 2003-04 (US$)

	Florida	Sao Paulo
	$/Box	$/Box
Picking Oranges and Roadsiding	1.639	0.395
Hauling/Transporting Oranges to Processing Plant	0.483	0.180
Total Harvesting Costs	2.122	0.575

Source: Ronald P. Muraro (UF/IFAS) and Marcos Pozzan (Monte Citrus) and from discussions with Sao Paulo citrus growers.

Comparative Delivered-in Costs for Processed Oranges in Florida and Sao Paulo (Brazil), 2003-04 (US$)

	Florida	Sao Paulo
	$/Box	$/Box
Total Production and Other Costs	2.038	1.682
Florida Grower Taxes and Regulatory Fees	0.139	--
Capital Investment Costs	0.682	0.425
Total Grower Costs	2.859	2.107
Total Harvesting Costs	2.122	0.575
Department of Citrus Advertisement Assessment	0.150	--
Fundecitrus and Other Assessments	--	0.105
Total Delivered-in Costs	5.131	2.787

Source: Ronald P. Muraro (UF/IFAS) and Marcos Pozzan (Montecitrus)

Producers' Prices

The Orange Index price series released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) for both the fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo follows. Both series track orange prices since September 1994. Prices for the fresh market are for fruit on the tree. Note the increase of fruit prices as of November 2004. According to post contacts, processing plants have been strongly purchasing fruit in the spot market and the crushing season should be extended through February 2005. Higher market prices could also be the signal of the lower availability of the product for MY 2005/06.

Orange Prices received by Producers in the Domestic Market (Pera Variety, average prices in Reais - R$, 40.8 kg box, fruits on the tree).

Month	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Jan	--	4.47	1.74	3.65	4.44	6.70	2.17	4.15	11.29	13.48	11.29
Feb	--	3.98	1.61	5.29	5.50	8.14	2.61	6.33	10.62	13.76	10.43
Mar	--	4.84	2.03	5.69	5.67	8.13	4.54	9.97	10.50	15.69	9.42
Apr	--	5.48	2.70	4.49	4.32	6.15	4.79	9.82	10.07	14.16	8.95
May	--	3.73	2.42	3.06	3.48	4.33	3.41	8.51	8.86	11.04	8.68
Jun	--	2.67	2.05	2.44	3.72	3.52	2.22	7.88	8.07	9.13	7.86
Jul	--	2.53	2.09	2.38	4.31	2.85	2.18	8.31	7.92	8.63	6.97
Aug	--	2.18	2.25	2.31	5.06	2.25	2.50	9.27	8.45	9.12	6.78
Sep	3.52	2.18	2.48	2.41	5.24	1.81	2.72	10.34	8.96	10.25	6.85
Oct	4.41	1.96	2.76	2.80	5.41	1.42	2.75	11.30	10.91	12.16	7.91
Nov	7.23	1.93	2.82	3.45	5.55	1.29	3.43	11.69	12.62	12.70	8.62
Dec 1/	5.33	1.66	2.82	4.07	5.87	1.52	3.79	11.62	12.79	12.03	9.06

Source: CEPEA/ESALQ 1/ December price refers to Dec 14.

Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R$, 40.8 kg box, fruits delivered to the processing plant).

Month	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Jan	--	3.03	1.44	2.62	3.24	3.91	1.47	3.98	8.71	10.07	9.87
Feb	--	2.68	1.29	2.58	3.54	3.89	1.46	5.11	7.19	7.58	7.05
Mar	--	2.60	1.32	2.50	3.80	3.96	1.61	5.46	6.00	6.25	5.29
Apr	--	2.36	1.41	2.50	3.80	--	1.80	5.50	5.80	5.67	4.91
May	--	2.19	1.47	2.50	3.94	--	1.70	5.50	5.04	5.78	5.03
Jun	--	1.97	1.53	2.50	4.30	--	1.68	--	5.55	7.30	4.99
Jul	--	1.66	1.81	2.50	4.76	2.72	1.66	6.97	7.75	7.86	5.51
Aug	--	1.56	1.95	2.50	5.21	2.47	1.58	7.16	8.25	8.76	6.22
Sep	3.04	1.59	2.11	2.49	5.25	2.06	1.66	7.44	8.49	9.25	5.98
Oct	2.92	1.54	2.48	2.59	5.19	1.87	2.01	8.08	10.86	9.72	6.39
Nov	3.06	1.61	2.46	2.83	5.20	1.65	2.48	8.97	11.21	10.21	7.23
Dec 1/	3.16	1.50	2.50	3.08	4.78	1.52	2.94	9.27	10.98	9.98	7.17

Source: CEPEA/ESALQ 1/ December price refers to Dec 14.

Consumption

Total Brazilian orange consumption for MY 2005/06 is projected at 123 Mbx, relatively stable compared to the revised figure for MY 2004/05 (126 Mbx). Note that these figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing. Fruit delivered to processors for "not from concentrated (NFC)" orange production for the domestic market is also included in these figures. Domestic consumption estimates are taken as the difference between production estimates and the volume of oranges delivered to processors for FCOJ and NFC produced for exports.

Trade

ATO/Sao Paulo projects total fresh orange exports for MY 2005/06 at 2 Mbx, similar to the export estimate for MY 2004/05 (2 Mbx), based on updated information from the Brazilian Secretariat of Foreign Trade (SECEX). The table below shows official fresh orange exports (NCM 080510.00) by country of destination, for MY 2003/04 and 2004/05, according to SECEX.

Fresh Orange Exports by Country of Destination (MT, US$ 1,000 FOB)

	MY 2003/04		MY 2003/04 1/		MY 2004/05 1/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	26,185	5,142	25,764	5,052	36,019	9,289
United Kingdom	11,071	1,868	9,499	1,635	16,746	3,412
Spain	22,988	4,897	22,988	4,897	9,165	1,966
Russia	0	0	0	0	3,100	965
Portugal	928	190	877	182	2,256	445
Lithuania	23	4	23	4	2,207	690
Saudi Arabia	1,040	329	0	0	1,751	553
Oman	0	0	0	0	1,701	350
Italy	181	33	181	33	1,279	345
U.A.E.	4,003	759	3,632	659	1,098	330
Others	2,870	475	1,739	307	3,360	805
Total	69,290	13,698	64,703	12,770	78,682	19,149

Source : Brazilian Department of Foreign Trade (SECEX).
1/ July-October. NCM 0805.10.00

FCOJ (FROZEN CONCENTRATED ORANGE JUICE)

PS&D Table

PSD Table

Country	**Brazil**			65	Degrees Brix		
Commodity	**Orange Juice**				(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Deliv. To Processors	10486000	9915000	13219000	13138000	0	10608000	(MT)
Beginning Stocks	240000	240000	62000	72000	114000	159000	(MT)
Production	1092000	1092000	1322000	1330000	0	1135000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	1332000	1332000	1384000	1402000	114000	1294000	(MT)
Exports	1252000	1242000	1252000	1225000	0	1225000	(MT)
Domestic Consumption	18000	18000	18000	18000	0	18000	(MT)
Ending Stocks	62000	72000	114000	159000	0	51000	(MT)
TOTAL DISTRIBUTION	1332000	1332000	1384000	1402000	0	1294000	(MT)

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian frozen concentrated orange juice (FCOJ) production, supply and demand (PS&D) for marketing years (MY) 2003/04, 2004/05 (July-June) and the initial forecast for MY 2005/06.

Sao Paulo: FCOJ PS&D (Jul-Jun)
(Million 40.8 kg boxes, TMT, 65 degrees brix)

Item/Marketing Year	2003/04	2004/05	2005/06
(Bloom/Harvest)	(02/03)	(03/04)	(04/05)
Delivered to Processors	230.0	310.0	248.0
Beginning Stocks	240.0	72.0	159.0
Production	1,040.0	1,280.0	1,085.0
Total Supply	1,280.0	1,352.0	1,244.0
Exports	1,190.0	1,175.0	1,175.0
Domestic Consumption	18.0	18.0	18.0
Ending Stocks	72.0	159.0	51.0
Total Distribution	1,280.0	1,352.0	1,244.0

Brazil: FCOJ PS&D (Jul-Jun)
(Million 40.8 kg boxes, TMT, 65 degrees brix)

Item/Marketing Year	2003/04	2004/05	2005/06
(Bloom/Harvest)	(02/03)	(03/04)	(04/05)
Delivered to Processors	243.0	322.0	260.0
Sao Paulo	230.0	310.0	248.0
Others	13.0	12.0	12.0
Beginning Stocks *	240.0	72.0	159.0
Total Production	1,092.0	1,330.0	1,135.0
Sao Paulo	1,040.0	1,280.0	1,085.0
Others	52.0	50.0	50.0
Total Supply	1,332.0	1,402.0	1,294.0
Exports	1,242.0	1,225.0	1,225.0
Sao Paulo	1,190.0	1,175.0	1,175.0
Others	52.0	50.0	50.0
Domestic Consumption	18.0	18.0	18.0
Ending Stocks	72.0	159.0	51.0
Total Distribution	1,332.0	1,402.0	1,294.0

* Sao Paulo stocks.

General

ATO Sao Paulo forecasts total Brazilian FCOJ production for MY 2005/06 (July-June) at 1.135 million metric tons (mmt), 65 Brix, down 195,000 mt compared to the revised estimate for MY 2004/05 (1.33 mmt), due to expected lower availability of fruits for processing. The Sao Paulo industry is likely to contribute 260 Mbx of oranges for FCOJ processing, which should yield 1.085 mmt of the product. Other producing states should deliver 12 Mbx for processing (50,000 mt of FCOJ).

Total Brazilian FCOJ production for MY 2004/05 has been revised upward to 1.33mmt, 65 Brix, up 38,000 mt from the previous estimate. In spite of the lower industrial yield reported by the processing plants, a higher volume of fruits is expected to be crushed. The Sao Paulo industry is expected to crush 310 Mbx, up 15 Mbx from our previous estimate, whereas other FCOJ processing states should crush 12 Mbx, down 1 Mbx compared to the previous figure. MY 2004/05 crushing has moved along well, and the crushing season is expected to extend through February.

Cargill announced on July 2 that the company was selling its Brazilian juice operations, which include four citrus production farms, two processing plants, fruit supply agreements and related assets, to the Brazilian companies, Citrosuco and Cutrale, in separate transactions. According to the agreement (released by the press), Citrosuco acquired the Bebedouro plant, 2 farms and part of the fruit contracts, while Cutrale bought the Uchoa plant, 2 other farms and the remaining fruit contracts.

In addition, Citrovita, a company of the Votorantim corporation, is negotiating the acquisition of Sucorrico for the value of US$75 million. Citrovita is the third largest company in the sector, following only Cutrale and Citrosuco. The Sucorrico plant is located in Araras, Sao

Paulo and has a current industrial capacity to crush 16 MBx of fruit, but more capacity is expected to be added to the plant.

Consumption

ATO/Sao Paulo projects FCOJ domestic consumption for MY 2004/05 at 18,000 mt, 65 Brix, similar to MY 2004/05 (18,000 mt).

Trade

ATO/Sao Paulo forecasts total Brazilian FCOJ exports for MY 2005/06 at 1.225 mmt, 65 Brix, similar to a revised forecast for MY 2004/05, due to stable demand for the product. The Sao Paulo industry should account for 1.175 mmt, 65 Brix, whereas the reminder should come from other FCOJ producing states. In spite of lower orange juice production in Brazil for MY 2005/06, export levels should not drop sharply, sustained by high MY 2004/05 carryover stocks.

FCOJ exports for MY 2004/05 were revised downward to 1.225mmt, 65 Brix, down 2 percent from our previous estimate, based on information provided by SECEX and post contacts. The world demand has been stable and exports to new markets such as China do not represent a significant increase in export volumes. Current FCOJ export prices are reported at US$ 850-900 per metric ton (bulk), free on truck (FOT).

FCOJ exports for MY 2003/04 were revised upward to 1.242 mmt, 65 Brix, down 10,000 mt from the previous estimate, based on updated information from the Brazilian Secretariat of Foreign Trade (SECEX) and post contacts.

The tables below show official FCOJ exports (NCM 2009.11.00 and 2009.19.00) by country of destination for MY 2003/04 and 2004/05, according to SECEX. Note that the “Others” category includes both FCOJ and Not From Concentrate (NFC) exports. Post considers the average monthly price by country of destination for the “Others” category as a criterion to distinguish between FCOJ and NFC exports. Note that following the aforementioned criteria, approximately 216,000 and 33,700 mt of orange juice exported under the “Others” category for MY 2003/04 refer to FCOJ and NFC, respectively.

Frozen Concentrated/Non-Concentraded Orange Juice Exports (MT, US$ 1,000 FOB)

	MY 2003/04		MY 2003/04 1/		MY 2004/05 1/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	468,935	370,124	168,441	136,065	149,110	113,962
Netherlands	230,244	206,794	86,833	83,587	88,631	64,213
USA	149,061	112,903	66,700	54,666	52,210	37,832
Japan	79,991	74,776	22,615	22,940	23,476	19,977
Australia	19,814	15,757	4,467	3,785	7,245	5,238
China	35,923	30,036	7,345	6,394	6,261	4,982
South Korea	26,063	23,063	5,481	4,713	5,118	4,307
Switzerland	16,992	15,054	4,131	3,966	2,939	2,461
Puerto Rico	8,384	10,115	2,669	3,430	2,780	2,522
United Kingdom	414	305	112	99	2,375	1,570
Others	35,225	30,687	10,270	9,041	12,444	9,608
Total	1,071,045	889,613	379,066	328,686	352,589	266,673

Source : Brazilian Department of Foreign Trade (SECEX).
1/July - October . NCM 2009.11.00

Brazilian Orange Juice Exports, Others (MT, US$ 1,000 FOB)

	MY 2003/04		MY 2003/04 1/		MY 2004/05 1/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	176,996	151,996	73,199	65,039	84,685	68,717
Belgium	23,646	8,476	6,340	4,396	10,100	8,585
United Kingdom	38,542	33,926	13,659	12,293	9,471	7,776
Switzerland	19	19	0	0	3,552	2,856
Israel	391	273	36	27	527	274
Japan	2	1	0	0	32	16
Angola	28	15	11	5	20	12
Argentina	0	0	0	0	12	9
Senegal	17	8	8	4	12	6
Cape Verde	27	16	4	2	11	7
Others	10,064	2,458	9,917	2,386	17	14
Total	249,732	197,189	103,173	84,151	108,439	88,270

Source : Brazilian Department of Foreign Trade (SECEX).
1/ July - October. NCM 2009.19.00

Stocks

Total ending stocks for MY 2005/06 are projected at 51,000 mt, 65 Brix, down 108,000 mt compared to our revised MY 2004/05 estimate (159,000 mt), due to expected lower availability of fruit for crushing. Brazilian owned FCOJ carryover stocks worldwide for MY 2003/04 and 2004/05 are reported at approximately 380,000 and 800,000 mt, respectively.

NFC (NOT FROM CONCENTRATE)

There is no official estimate for NFC supply and demand in Brazil. ATO/Sao Paulo projects that approximately 17 Mbx will be crushed for MY 2005/06 NFC exports, similar to revised number for MY 2004/05 (17 Mbx). Post estimates that approximately 350,000 metric tons of NFC, 11.8 Brix, were exported for MY 2004/05. Note that current PS&D tables consider NFC production for exports as a different entry (see Tables in PS&D section).

The following table shows "Orange Juice, Not Concentrated and Brix under 20" (NCM 2009.12.00) exports by country of destination for MY 2003/04 and 2004/05, according to SECEX. Note that part of the NFC exports is included in the "Others" category (see FCOJ Trade section).

Brazilian Orange Juice Exports, Not Frozen, Brix under 20 (MT, US$ 1,000 FOB)

	MY 2003/04		MY 2003/04 1/		MY 2004/05 1/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	175,367	39,613	75,246	16,930	52,589	11,833
USA	80,546	17,347	46,479	10,338	36,756	8,153
Netherlands	53,761	14,390	8,804	2,308	20,959	4,790
Australia	1,564	552	0	0	1,755	527
Chile	407	160	119	59	132	43
Japan	17	8	0	0	37	19
New Zealand	18	7	0	0	37	11
Angola	18	8	12	5	18	7
Senegal	1	0	0	0	1	0
Portugal	0	0	0	0	1	0
Others	1,007	254	0	0	0	0
Total	312,705	72,339	130,660	29,641	112,285	25,383

Source : Brazilian Department of Foreign Trade (SECEX).
1/ July - October . NCM 2009.12.00

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)

Month	2000	2001	2002	2003	2004
January	1.80	1.97	2.42	3.53	2.94
February	1.77	2.04	2.35	3.56	2.91
March	1.75	2.16	2.32	3.35	2.91
April	1.81	2.22	2.36	2.89	2.94
May	1.82	2.36	2.52	2.97	3.13
June	1.80	2.30	2.84	2.87	3.11
July	1.78	2.43	3.43	2.97	3.03
August	1.82	2.55	3.02	2.97	2.93
September	1.84	2.67	3.89	2.92	2.86
October	1.91	2.71	3.65	2.86	2.86
November	1.98	2.53	3.59	2.95	2.73
December 1/	1.96	2.32	3.53	2.89	2.76

Source: Gazeta Mercantil 1/ December rate refers to December 14.

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